

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 EB-11 COME-00 TRSE-00 OMB-01 NEA-10

SCI-06 SCEM-02 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 ACDA-19 IO-14 FAA-00 CAB-09 SIL-01 LAB-06

FMC-04 DOTE-00 FPC-01 DRC-01 /188 W

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R 061908Z DEC 73

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 6208

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY THE HAGUE

USMISSION EC BRUSSELS

USMISSION OECD PARIS

USMISSION NATO BRUSSELS

UNCLAS SECTION 01 OF 02 LONDON 14363

E.O. 11652: N/A

TAGS: ENRG, UK

SUBJECT: FUEL SITUATION: HMG ANNOUNCES FURTHER
RESTRICTIONS AS OIL, COAL AND ELECTRICITY SUPPLIES
DIMINISH

BEGIN SUMMARY: IN FACE OF STEADILY WORSENING OIL,
COAL AND ELECTRICITY SUPPLY SITUATION, HMG ANNOUNCED
ON DECEMBER 5 IMPOSITION OF 50 MPH SPEED LIMIT
AND FURTHER RESTRICTION ON STREET AND OFFICE LIGHTING.

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ADDITIONAL MEASURES TO CONTROL HEATING LEVELS OF

COMMERCIAL ESTABLISHMENTS ALSO WILL BE IMPOSED. DESPITE STRONG PUBLIC AND PARLIAMENTARY SENTIMENT IN FAVOR, GOVERNMENT HAS RULED OUT GASOLINE RATIONING FOR MOMENT. DISTRIBUTION OF RATION CARDS HAS BEGUN HOWEVER AND PROCESS WILL BE COMPLETED BY DECEMBER 12. DEMANDS FOR CREATION OF SEPARATE ENERGY DEPARTMENT HEADED BY CABINET LEVEL MINISTER HAVE BEEN RAISED BY PRESS AND LABOR OPPOSITION LEADER. END SUMMARY.

1. SECSTATE FOR TRADE AND INDUSTRY PETER WALKER ANNOUNCED ON DECEMBER 5 SERIES OF FURTHER MEASURES TO REDUCE ENERGY CONSUMPTION IN BRITAIN. MAXIMUM FIFTY MILE AN HOUR SPEED LIMIT WILL TAKE EFFECT IMMEDIATELY. AN ORDER SOON WILL BE INTRODUCED TO RESTRICT OFFICE LIGHTING AND REDUCE STREET LIGHTING BY UP TO 50 PER CENT, EXCEPT WHERE THERE IS RISK OF ACCIDENTS OCCURRING.

2. IT IS ALSO PLANNED TO INTRODUCE PROBABLY NEXT WEEK FURTHER RESTRICTIONS (BEYOND THOSE ALREADY APPLIED TO ELECTRICAL HEATING) REQUIRING COMMERCIAL ESTABLISHMENTS TO REDUCE SPACE-HEATING TO ABOUT 63 DEGREES. FACTORIES WILL NOT BE AFFECTED SINCE INDUSTRIAL SPACE HEATING ACCOUNTS FOR ONLY ABOUT 5 PER CENT OF TOTAL ENERGY CONSUMPTION. MINISTER OF AEROSPACE AND SHIPPING REPORTEDLY IS LIKELY TO ANNOUNCE CURBS ON AVIATION, INCLUDING PRIVATE FLYING.

3. GASOLINE DELIVERIES IN SOUTHEAST ENGLAND, PRIMARILY LONDON AREA, HAVE BEEN REDUCED BY ABOUT 13 PER CENT AS GASOLINE STOCKS REPORTEDLY HAVE DECLINED TO 46 DAYS SUPPLY, JUST ONE DAY ABOVE INDUSTRY'S MINIMUM OPERATING LEVEL. PRESS AND TV COVERAGE HAVE HIGHLIGHTED LONG LINES OF CARS WAITING FOR HOUR OR MORE TO "TOP UP" WITH PURCHASE OF 2-3 GALLON LIMIT ALLOWED BY MOST GAS STATIONS. MANY STATIONS NOW OPEN ONLY PART TIME DURING WEEK AND CLOSE ON WEEKEND, ESPECIALLY SUNDAY.

4. SEC STATE WALKER AND MINISTER FOR INDUSTRY BOARDMAN HAVE STATED GASOLINE SHORTAGE IN SOUTHEAST UNCLASSIFIED

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IS LARGELY RESULT OF UNREASONABLE PANIC BUYING OF MOTORISTS. THEY HAVE APPEALED WITHOUT MUCH SUCCESS FOR PUBLIC RESTRAINT. HMG IS HOPING SITUATION WILL STABILIZE AS ABNORMAL DRAW DOWN ON GASOLINE STOCKS DECLINES AND OIL COMPANIES DIVERT SUPPLIES TO SOUTHEAST AREA.

5. MAJOR CONCERN HOWEVER IS THAT, AS OIL IMPORT SHORT-

FALL GROWS TO AT LEAST 15 PER CENT AND PROBABLY CLOSE
TO 20 PER CENT BY END OF DECEMBER, MORE DRASTIC ACTION
TO PRESERVE INDUSTRY GASOLINE STOCKS WILL BE REQUIRED.

6. FUEL OIL SITUATION ALSO IS GROWING MORE SERIOUS
AS COAL MINERS OVERTIME BAN CONTINUES AND MINEWORKERS
/ PRESIDENT PREDICTS NO RELIEF UNTIL LATE JANUARY UNLESS
COAL BOARD IMPROVES ITS PAY OFFER BY WEEKEND. HMG HAS
NOW ORDERED OIL COMPANIES TO SUPPLY CENTRAL
ELECTRICITY GENERATING BOARD WITH MORE OIL TO PRESERVE
PRECIOUS COAL STOCKS WHICH COULD OTHERWISE BE DEPLETED
BY END OF DECEMBER.

7. ALTHOUGH NOT SERIOUSLY AFFECTED AS YET, BRITISH

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SHIPPING COMPANIES ARE CUTTING BACK OPERATING SPEEDS
AND REARRANGING SAILING SCHEDULES.

8. LABOR MPS AND PRESS, INCLUDING EDITORIALS IN BOTH
FINANCIAL TIMES AND THE TIMES, HAVE ACCUSED GOVERNMENT
OF UNDUE COMPLACENCY AND PRESSED FOR IMMEDIATE
IMPLEMENTATION OF GASOLINE RATIONING. FINANCIAL TIMES
AND OPPOSITION LEADER HAROLD WILSON ALSO ARE URGING
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PRIME MINISTER TO RECONSTITUTE MINISTRY OF FUEL AND
POWER SEPARATE FROM DTI TO BE HEADED BY CABINET LEVEL
MINISTER.

9. THE NATIONAL ECONOMIC DEVELOPMENT COUNCIL (NEDC),
MADE UP OF HIGH-LEVEL REPRESENTATIVES FROM GOVERNMENT,
MANAGEMENT AND LABOR, IS FORMING A HIGH-LEVEL WORKING
PARTY TO STUDY AND REPORT ON THE ENERGY CRISIS' IMPACT
TO AN EMERGENCY NEDC MEETING LATER IN DECEMBER. IN
THEIR MONTHLY MEETING YESTERDAY, NEDC STAFF CONCLUDED
THAT AN OIL CUTBACK OF 10 PER CENT COULD BE ABSORBED
BY BRITISH INDUSTRY BUT THAT THERE WOULD BE SOME
IMPACT ON PRODUCTION AND INCOME EVEN WITH AN EFFICIENT
ALLOCATION SYSTEM. NEDC STAFF BELIEVE GROWTH RATE WILL
BE LESS THAN THE GOVERNMENT'S OBJECTIVE OF 3-1/2 PER
CENT, BUT THAT IT WILL BE POSITIVE. HOWEVER, NEDC STAFF
BELIEVE THAT A FURTHER 5 PER CENT REDUCTION COULD REDUCE
GROWTH OF INDUSTRIAL PRODUCTION BY 3 PER CENT, AND
CUTS ABOVE THIS WOULD HAVE EVEN LARGER EFFECT.

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